

# Report to Council



**Date:** October 28, 2019

**To:** Council

**From:** City Manager

**Subject:** Development Cost Charges Bylaw No. 11948 Amendment No.5 to Development Cost Charge Bylaw No.10515

**Department:** Infrastructure Engineering  
Parks and Building Planning

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## **Recommendation:**

THAT Council receives, for information, the report from the Infrastructure Engineering Manager dated October 28, 2019, with respect to amending the Development Cost Charge Bylaw No. 10515 with Park updates in Schedule A and the associated Map;

AND THAT Bylaw No. 11948, being Amendment No.5 to Development Cost Charge Bylaw No.10515, be given reading consideration;

AND FURTHER THAT Council direct Staff to submit the amended Development Cost Bylaw and supporting documentation to Ministry of Community Services for their review and approval prior to fourth reading and adoption by Council.

## **Purpose:**

To provide Council with an amendment to the Development Cost Charge Bylaw for Park Acquisition and Development, and to highlight a revision to the Parks Development Funding Program brought to Council on June 17,2019.

## **Background:**

The Development Cost Charge (DCC) Bylaw sets out the charges imposed on developers to offset some of the infrastructure expenditures incurred to service the needs for new development. DCCs are intended to facilitate development by providing a method to finance capital projects related to public roads, water, sanitary sewer, drainage and parkland acquisition and development as defined by the Local Government Act. The City does not currently collect DCCs for either drainage or parkland development.

The proposed DCC Bylaw amendment would establish a new Parkland Development DCC to fund new Park amenities required to support growth. In addition, the current Parkland Acquisition DCC would now include Linear Parks acquisition.

In May 2017, the Parks Development Report<sup>1</sup> identified both the current deficit and projected future deficit growth in parks development. Council recognized the financial impact should be shouldered by multiple sources and shared between development, taxation, and user revenues. In June 2018 the Parks Development Funding Strategy<sup>2</sup> identified a series of funding tools including changes to the Parks DCC.

The draft Parks Development Program<sup>3</sup> was presented in June 2019, and Council directed staff to proceed with key stakeholder and public engagement based on Model A – Full Implementation as the preferred option.

Following presentation of the engagement results on September 16, 2019, Council directed staff to advance the associated Bylaw. The accompanying final version of the Parks Development Program has been prepared for submission to the Province.

### Financial/Budgetary Considerations:

The current DCC Bylaw 10515 was adopted by Council June 2011 in conjunction with the 2030 OCP review. The DCC Bylaw was updated in 2016 and again in 2019 to reflect current land and construction costs ensuring adequate funding for growth related infrastructure.

The proposed Park Development and Linear Park Acquisition DCCs will change the DCC program by \$113 million (Table 1). The proposed Parks DCC increase will be funded \$73.7 million (65%) from DCCs and \$39.3 million (35%) from the City in the form of Taxation, Gas Tax, Infrastructure Levy and Parks Revenue.

**Table 1.** Major funding sources for infrastructure projects in the DCC program.

2030 Major Services - Funding Sources (\$ Millions) - 2019 Parks Development Amendment									
Major Service	Gov't Funded		Developer Funded		City Funded		New Totals	Current Totals	Change
	Grant	Developer Construct	DCC's	Taxation	Utility User Rates				
Arterial Roads	39.7	75.1	234.1	168.9		517.9	517.9	-	
Water Distribution		6.4	26.3		31.3	64.0	64.0	-	
Wastewater Trunks		7.4	28.2		9.4	45.1	45.1	-	
Wastewater Treatment			66.1		21.9	88.0	88.0	-	
Parkland Acquisition	5.4		150.1	18.8		174.3	165.4	8.9	
Parks Development			65.8	38.2		104.0	-	104.0	
<b>New Totals</b>	<b>45.1</b>	<b>88.9</b>	<b>570.8</b>	<b>225.9</b>	<b>62.5</b>	<b>993.3</b>	<b>880.3</b>	<b>113.0</b>	
<b>Current Totals</b>	<b>45.1</b>	<b>88.9</b>	<b>497.1</b>	<b>186.6</b>	<b>62.5</b>	<b>880.3</b>			
<b>Change</b>	<b>-</b>	<b>-</b>	<b>73.7</b>	<b>39.3</b>	<b>-</b>	<b>113.0</b>			

<sup>1</sup> City of Kelowna, May 8, 2017. Park Development Report.

<sup>2</sup> City of Kelowna, June 11, 2018. Park Development Funding Strategy.

<sup>3</sup> City of Kelowna, June 17, 2019. Park Development Funding Program.

The City's share of the increase (\$39.3 million) assumes the funding sources shown in Table 2. The Infrastructure Levy generates \$5.2 million per year in revenue and \$1.4 million (27%) will be used to partially fund the City's share of the Parks DCC increase. The Parks DCC funding strategy also assumes \$453,500 per year in Parkland Revenue and \$3.55 million in taxation and Gas Tax funding that is identified in the 10-Year Capital Plan.

**Table 2.** Funding sources for the City share of Parks DCC increase.

Revenues	\$/year
Taxation/Gas Tax (10-year capital plan)	\$3,550,173
Infrastructure Levy (27%)	\$1,404,000
Parkland Revenues	\$453,500
<b>Total</b>	<b>\$5,407,673</b>

**Proposed revisions:** In order to encourage affordable housing and reduce the number of illegal suites, secondary suites currently pay a reduced flat rate \$2,500 DCC. This impact was not properly accounted for in the previous report to Council. In order to not exceed the previously reported<sup>2</sup> total Parks DCC of \$14,526 per residential unit, while accommodating the secondary suite subsidy, staff have reviewed overall costs and also propose to omit Ritchie Brook Park from the current program. The land for this park has not been acquired yet. A good balance between urban and suburban parks, and an equitable distribution across the City are still maintained. This park will be considered for inclusion in the next 20-Year Servicing Plan, following the adoption of the 2040 Official Community Plan (OCP).

The proposed total Parks DCC is \$14,525 per residential unit. A summary of the proposed change to the Parks DCCs for each development type is provided below. Refer to the DCC Bylaw Schedule A (Attachment 1) for full details.

**Table 3.** Summary of Parks Acquisition and Development DCC by development type.

Type	Total Parks DCC	Municipal Contribution*
Residential 1 – 5 (per unit)	\$14,525	\$3,835
Commercial (base)	\$2,013	\$1,170
Industrial (base)	\$6,545	\$3,803
Institutional	Exempt	-

\*Funded from Taxation, Gas Tax and/or Infrastructure Levy.

The City's 10-Year Capital Plan will be updated to reflect the revised project costs and funding apportionment pending Council adoption of the DCC Bylaw. The 20-Year Servicing Plan and DCC bylaw will be updated again in conjunction with the 2040 Official Community Plan and Transportation Master Plan in the next two years.

**Legal/Statutory Authority:**

The Development Cost Charge (DCC) Bylaw sets out the charges collected from Developers for public roads, water, sewer, drainage and public parkland acquisition and development when subdividing or constructing, altering or extending a building, pursuant the Local Government Act.

**Legal/Statutory Procedural Requirements:**

The Local Government Act requires the Inspector of Municipalities to approve local government DCC bylaws. The following process, which is recommended by the DCC Best Practices Guide, is being followed by staff for amending the DCC Bylaw.

- Development of DCCs by staff (including stakeholder engagement) – May to Sep 2019
- Council readings (1st, 2nd and 3rd) of proposed DCC Bylaw by Council Oct 28, 2019,
- Bylaw revisions by staff (if any) considering Council input,
- Submission of DCC Bylaw and Supporting Documentation to Ministry of Community Services,
- Statutory approval from Inspector of Municipalities – 6 weeks (estimate)
- Fourth Reading and adoption of DCC Bylaw by Council - Dec 9, 2019 (provisional)
- Bylaw implementation – Jan 1, 2020 (provisional)

**Existing Policy:**

Imagine Kelowna called to create great public spaces, grow vibrant urban centres, preserve Okanagan Lake as a shared resource and build healthy neighbourhoods for all.

Council Priorities 2019-2022 identified measures to transform this vision into action. Specifically, relevant to this report:

- Vibrant neighbourhoods, by creating animated parks and public spaces,
- Vibrant neighbourhoods, through developing accessible and multi-purpose amenities,
- Economic resiliency, through the reduction of the infrastructure deficit.

The accompanying Corporate Priorities also identify:

- Increasing non-taxation revenues

**External Agency/Public Comments:**

Refer to previous Report to Council September 16, 2019 - Parks Development Funding Program – Engagement Summary.

**Internal Circulation:**

Divisional Director, Financial Services  
Divisional Director, Infrastructure  
Divisional Director, Active Living & Culture  
Divisional Director, Corporate Strategic Services  
Divisional Director, Partnerships & Investments

**Considerations applicable to this report:**

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Communications Comments:

**Submitted by:**

J. Shaw, Infrastructure Engineering Manager  
R. Parlane, Parks & Buildings Planning Manager

**Approved for inclusion:**



**A. Newcombe, Division Director, Infrastructure**

Attachment 1 - DCC Bylaw 11207 Rate Schedule (Schedule A)

Attachment 2 - DCC-Parks-Sector-Plan-2019

Attachment 3 - Presentation DCC Bylaw Amendment

cc: G. Davidson, Divisional Director Financial Services  
A. Newcombe, Divisional Director Infrastructure  
J. Gabriel, Divisional Director Active Living & Culture  
C. Weaden, Divisional Director, Corporate Strategic Services  
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